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**THE BENEFITS AND COSTS OF TREATY
SETTLEMENTS
IN BRITISH COLUMBIA**

A Summary of the KPMG Report

Ministry of Aboriginal Affairs



British Columbia



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It is clear to me that the benefits...in self-reliance for aboriginal communities, in certainty and security for us all...in a fairer, economically more-prosperous province...far outweigh the costs.

Premier Mike Harcourt, Dec. 1, 1995, in an address to the Premier's Working Session on Treaties, Vancouver.

Spurred by court recommendations that existing aboriginal rights are better defined through negotiation than through the court process, British Columbia has joined the Government of Canada and the First Nations Summit to resolve land claims.

While the federal government bears the primary responsibility for land claims, the Province joined the process to ensure the rights of all British Columbians are protected and to bring economic certainty to our lands and resources.

To date, 47 First Nations representing about 70 per cent of the aboriginal population have entered the British Columbia Treaty Commission process to settle century-old grievances.

The Province hired the Vancouver consulting firm KPMG to conduct an independent review of projected financial and economic impacts of treaty settlements. Their report is based on the study of other modern treaties, including those in northern Canada.

The provincial government is committed to comparable justice and taxation systems for all British Columbians and to maintain or enhance basic social program standards through the treaty process. It has announced a number of "bottom lines" to guide its negotiators, including:

- Treaties must be affordable to B.C. taxpayers.
- Private property is not on the table.
- Negotiations must be as open as possible to scrutiny by all citizens.
- The Canadian Constitution, the Charter of Rights and Freedoms and the Criminal Code will apply to all British Columbians.
- Current tax exemptions for aboriginal people will be phased out.
- The total amount of land held by First Nations should be roughly proportional to their population (less than 5%).

- Access to all public roads as well as to land and resources for recreational use will be guaranteed for all British Columbians.
- Province-wide standards of resource management and environmental protection will apply.
- Disruptions to interests on Crown lands will be avoided. If disruption occurs, there will be fair and timely compensation.

The Benefits

"When all of the financial impacts in B.C. are considered, British Columbia can expect about three dollars worth of total financial benefit for every dollar of provincial financial cost," the report says. The net financial benefit to British Columbia...including B.C.'s share of cash, pre-treaty and negotiation costs and a further deduction for its share of Federal costs paid by British Columbians as Federal taxpayers--is between \$3.9 billion and \$5.3 billion, when totalled over 40 years.

The benefit arises mainly from the cash benefits to First Nations. The inflow of money into the province will spawn economic development in First Nation communities. However, according to the study, British Columbians as a whole will benefit and take-home paycheques will be up to \$400 million higher at the end of the day.

Not all the benefits of resolving land claims can be measured in dollars and cents. Social conditions in aboriginal communities have long been below that of other British Columbians, with higher infant mortality, suicide and birth rates, below-average life expectancy, welfare dependency and high rates of unemployment.

Treaties will not end all of those problems. But they are expected to go a long way to increasing self-sufficiency in native communities and allowing native people access to the economic and employment mainstream. As the income disparity is diminished, savings in social expenditures - and less reliance on government support -- will bring additional benefits.

At the same time, the certainty that treaties will bring to the province's land and resources will encourage increased investment as people with new financial confidence spend money. First Nations, too, will invest settlement money in the province, which will result in modest economic boom for business people in communities near First Nations.

British Columbia should also see a significant employment increase as a result of treaties, with a KPMG estimate of between 7,000 and 17,000 jobs.

Aboriginal Affairs Minister John Cashore said the study shows that all British Columbians will benefit when treaties are finally settled. "First Nation communities will finally be able to have a say in their own development and to forge new relationships with their neighbours. All British Columbians will gain in the increased investment and employment in our province and in the certainty treaties will bring to our lands and resources."

He said the KPMG report is consistent with a study of the potential social and economic impacts of treaties released earlier in January. That report, prepared by ARA Consulting Group of Vancouver, looked at other modern treaties from northern Canada and around the world. The bottom-line message in that study was that treaties do work. It also showed that treaties do not cause the economic disruption that critics predict, but neither do they solve all the problems of aboriginal people.

The Costs

In looking at the costs of resolving land claims, KPMG included anticipated cash costs involved in settlements, as well as other costs, including funding of the Treaty Commission, the costs of the government's broad-based consultations with stakeholders and third parties, communicating land claims information across the province, and purchasing third-party interests in tenures where necessary.

KPMG estimates total settlement cash costs to range between \$5.7 and \$6.2 billion. Canada will contribute the bulk of these costs, with B.C. providing the lesser share of those costs, estimated at between \$0.8 and \$1.4 billion. B.C.'s contribution includes credit for revenues on land which the province will contribute, reducing the province's share of the cash costs of treaties.

When all the costs are added up, including the costs of negotiating and implementing treaties, the consultants expect the dollar cost to British Columbia to range between \$1.4 and \$2.1 billion over the next 40 years. Even at the higher of these values, this averages out to \$50 million a year over the period, or less than one-quarter of one per cent (.25%) of the provincial budget, a figure which Premier Harcourt said he is sure all British Columbians will agree is affordable, considering the economic stimulus it will produce.

That averages out to about \$35 a year for each household in the province.

"This government has consistently said it would not sign treaties which do not meet the test of fairness or of affordability. I'm sure British Columbians will agree that these estimates are well within our ability to pay while at the same time allowing us to continue to maintain our prudent approach to managing taxpayer dollars," Harcourt said.

Aboriginal Affairs Minister John Cashore said the study is important because it gives the public an idea of the dollar amounts involved in resolving land claims. But, he says, the study is not a government bargaining position. "Negotiators will receive mandates from Treasury Board on a treaty-by-treaty basis and will then negotiate land and cash amounts at the treaty table."



KPMG estimates that First Nations will receive between 24,000 and 29,000 square kilometres of rural land, which is roughly three per cent of provincial Crown land.

Cashore pointed out that costs and benefits of resolving land claims must also be considered in the context of the cost of failing to conclude treaties...including increased civil unrest in terms of blockades and other actions which tie up resources, the cost of fighting continual court actions brought by aboriginal people seeking their rights and the cost of continued investment uncertainty.

The KPMG report concludes: "...the real challenge and opportunity for British Columbia is to maximize the social and economic development within First Nations' communities while, at the same time, adhering to the cost targets established for treaties."